

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

770 L STREET, SUITE 1000  
SACRAMENTO, CA 95814  
(916) 324-2726  
(916) 324-5597 FAX  
<http://www.cmac.ca.gov>



«HFPALICNO»

October 30, 2007

OVERNIGHT DELIVERY

«Name»  
«Title»  
«Hospital»  
«Address»  
«City\_State\_Zip»

**Re: Nondesignated Public Hospital Supplemental Fund  
Negotiations for 2007-08**

Dear «Salutation»:

In 2005, the Legislature enacted and the Governor signed the Medi-Cal Hospital/Uninsured Care Demonstration Project Act (Welf. & Inst. Code, §14166 et seq). This Act modified the Medi-Cal reimbursement methods for California's hospitals. For nondesignated public hospitals, the Act continued the Selective Provider Contracting Program (SPCP) and revised the supplemental funding processes for nondesignated public SPCP hospitals. Previously, the California Medical Assistance Commission (CMAC) negotiated with eligible facilities for supplemental payments from the following:

- Emergency Services and Supplemental Payment Fund;
- Medi-Cal Medical Education Supplemental Payment Fund;
- Medi-Cal Large Teaching Emphasis Hospital and Children's Hospital Medical Education Supplemental Payment Fund; and
- Small and Rural Hospital Supplemental Payment Fund.

Monies in these supplemental funds were federal funds with the non-federal share coming from intergovernmental transfers from public agencies.

The Act created the Nondesignated Public Hospital Supplemental Fund consisting of federal funds with the non-federal share primarily coming from the State General Fund. Nondesignated Public Hospitals that meet the eligibility criteria during the current 2007-08 state fiscal year (FY) for any of the above listed funds are eligible to negotiate with the CMAC for distributions from the Nondesignated Public Hospital Supplemental Fund (Fund). (Welf. & Inst. Code §14166.17) This letter is to inform you that CMAC is initiating the process of supplemental payment negotiations for the FY 2007-08 (Round 3).

One of the conditions for participation in the distribution from the FY 2007-08 Nondesignated Public Hospital Supplemental Fund is being a FY 2007-08

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Disproportionate Share Hospital (DSH). However, because the FY 2007-08 Final DSH Eligibility List is not yet available from the California Department of Health Care Services, and because CMAC wants to begin Round 3 negotiations, CMAC is using the FY 2007-08 tentative DSH Eligibility List to initiate preliminary negotiations with hospitals. Based on our records, your hospital may meet supplemental payment eligibility criteria to engage in preliminary negotiations for distributions from the Fund. Entering into preliminary negotiations does not ensure that your hospital will be eligible for Fund payments. Negotiations will not be finalized until the 2007-08 Final DSH list is released. **If you anticipate that your hospital will not appear on the FY 2007-08 Final DSH Eligibility List, will not be an FY 2007-08 SPCP hospital, will not maintain an emergency room licensed and operating at a comprehensive or basic level during FY 2007-08, or will not meet or maintain any of the other criteria for eligibility in Welfare and Institutions Code section 14085.6, 14085.7, 14085.8 or 14085.9, please contact CMAC immediately.**

Enclosed is the CMAC's schedule for Round 3 negotiations. If you choose to participate in Round 3, a written proposal must be submitted to CMAC by **November 30, 2007**, that meets the requirements specified below.

In order for a hospital to qualify for distributions from the Fund, the hospital must "be able to demonstrate a purpose for additional funding under the SPCP including proposals relating to emergency services and other health care services, including infrequent yet high-cost services, such as anti-AB human antitoxin treatment for infant botulism (human botulinum immune globulin (HBIG), commonly referred to as "Baby-BIG"), that are made available or will be made available to Medi-Cal beneficiaries." (Welf. & Inst. Code §14085.6(g)(4)) Therefore, your proposal must demonstrate your hospital's needs. **Written proposals** relating to Round 3 negotiations must be received at CMAC by 5:00 PM on **November 30, 2007**. Please limit your written proposal to no more than 5 pages.

In addition to the proposal, hospitals are required to submit the attached "Contact Information" form. (CMAC no longer requests the separate submission of the "Intent to Participate" form; we have renamed it to collect the necessary information.) Additionally, in order to commence negotiations for a distribution from the Fund, you must provide the certifications and declarations required by Section 100531 of Title 22 of the California Code of Regulations. Suggested language for a Certifications and Declarations document is enclosed for your reference or, if you prefer, for your signature.

CMAC is willing to accept electronic submissions of Round 3 proposals. This letter and the enclosed forms and schedules are also available on our website ([www.cmac.ca.gov](http://www.cmac.ca.gov)). The proposals, with the applicable forms, can be sent to [contact@cmac.ca.gov](mailto:contact@cmac.ca.gov). We will acknowledge receipt of your submission within the next business day.

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Please note that the Certifications and Declarations document requires a signature. This can be accomplished by use of an electronic signature or by signing the document and then scanning it prior to transmitting the complete package via e-mail.

We look forward to negotiating with eligible hospitals during Round 3. If you have any questions regarding these matters, please do not hesitate to contact your CMAC negotiator, <<negotiator>>.

Sincerely,

Keith Berger  
Executive Director

KB/kf  
Enclosure